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RUEHGP/AMEMBASSY SINGAPORE PRIORITY 2206  
RUEHKO/AMEMBASSY TOKYO PRIORITY 5538  
RUEHHM/AMCONSUL HO CHI MINH CITY PRIORITY 1570  
RUEHBJ/AMEMBASSY BEIJING 6734  
RUEHGZ/AMCONSUL GUANGZHOU 0695  
RUESLE/AMCONSUL SHANGHAI 0007  
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S E C R E T SECTION 01 OF 02 HANOI 001947

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TAGS: [EFIN](#) [CTERR](#) [ECON](#) [IO](#) [PREL](#) [KN](#) [VM](#)  
SUBJECT: SBV DEPUTY GOVERNOR DETAILS NORTH KOREAN BANKING  
ACTIVITIES IN VIETNAM

REF: A. REF A) SECSTATE 105317  
[1](#)B. REF B) HANOI 1594  
[1](#)C. REF C) HANOI 1595

Classified By: Ambassador Michael W. Marine, Reasons 1.4 (b/d)

[1](#)1. (S) Summary: In a July 19 meeting with State Bank of Vietnam (SBV) Deputy Governor Tran Minh Tuan, Treasury Under Secretary for Terrorism and Financial Intelligence Stuart

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Levey reiterated U.S. concerns over North Korean financial transactions with Vietnam,s State-owned commercial banks and asked whether the SBV had found evidence of these interactions. Tuan affirmed that the Government of Vietnam (GVN) and SBV are committed to preventing disruptions to national stability and are actively working to preclude money laundering or terrorist finance activities from occurring in their banking system. An SBV-directed survey of all Vietnamese bank accounts, based on information provided to them earlier by Post (reftel), determined that Tanchon Commercial Bank holds accounts at two Vietnamese banks, though the balance in each is minimal. No other financial interactions between the DPRK (individuals or entities) and Vietnamese banks were found. U/S Levey urged the SBV to advise both banks to close the accounts as facilitating such activity would pose substantial and unwarranted risks for these institutions, and given the recent UNSCR 1695 and previous resolutions 1540 and 1673, Vietnam was obligated to ensure they did not facilitate DPRK WMD activity. In response to Under Secretary Levey,s further request, Deputy Governor Tuan committed to begin a new investigation immediately into efforts by a North Korean bank to establish a relationship with the Eastern Asia Commercial Bank in Ho Chi Minh City. End Summary.

Tuan Details SBV Policies and Actions Taken  
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[1](#)2. (S) U/S Levey, accompanied by the Ambassador, began the meeting by highlighting the shared commitment of our countries to the issues of anti-money laundering, countering terrorist financing and preventing banks from being abused by criminals and weapons proliferators. He voiced the USG concern that North Korean banks, specifically Tanchon Commercial Bank and Daedon Bank, currently hold accounts with Vietnamese State-owned commercial banks. Tanchon has been designated by the US as a DPRK WMD proliferator and the international community has called on all states to ensure

such entities are not supported. The U/S asked what actions the SBV has taken to address these concerns, and how they are ensuring that Vietnamese banks are not being exploited by North Korea or others to facilitate their illicit activities ) including WMD proliferation. The USG is willing to help the GVN and SBV to resolve this issue and avoid impeding the broader development of our bilateral relations.

13. (S) Tuan thanked the USG for providing the SBV with information about suspected North Korean illicit activities, and said that the GVN and SBV take these warnings very seriously. Citing the SBV,s policy to contribute to maintaining an environment of peace and stability in the country, he affirmed that SBV will not tolerate any financial activity that threatens or harms the stability of Vietnam or the world. Tuan highlighted Vietnam,s international cooperation with other UN member countries on the issues of anti-money laundering; countering terrorist financing; preventing the financing of WMD proliferation activities; and, other non-transparent financial transactions.

14. (S) Tuan noted that although Vietnam has a &traditional8 relationship with North Korea, recent economic, trade and financial relations between the two have not been very robust. Regardless of their traditional ties with the DPRK, the GVN,s and SBV,s primary concern is to diligently follow up any suspected illicit financial transactions. In response to USG concerns, the SBV issued guidelines and directives for all banks to report to the SBV on any accounts held by North Korean banks and other individuals and organizations identified in ref A.

#### Two North Korean Bank Accounts Identified

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15. (S) Two institutions )- Vietcombank and the Military Bank -- reported holding accounts for Tanchon Commercial Bank. Tanchon opened its account at Vietcombank in 1992, but account transactions have not been significant. (Tuan estimated the total amount to be between USD 3000 and USD 5000). He noted that the Tanchon account held at the Military Bank was used as an intermediary for transactions through Deutsche Bank. Although he did not provide a figure, Tuan explained that this account balance is also negligible. Vietnamese banks reported no additional accounts held by Daedon Bank, or other North Korean banks, suspicious individuals or suspected front companies.

16. (S) Tuan affirmed that despite the small account balances, the SBV has warned Vietcombank and the Military Bank that continuing to facilitate transactions by Tanchon Commercial Bank is of great concern to the USG. Both banks have indicated their intention to &consider8 the matter.

#### The Risk of Inaction

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17. (S) U/S Levey warned that the nominal commercial benefits of maintaining these accounts does not seem worth the risk to the banks and the Vietnamese banking sector writ large. In the spirit of friendship, he expressed concern that the reputation of the Vietnamese banking and financial sector could be threatened by connections to North Korean banks and institutions. Because Tanchon Bank financially facilitates the DPRK missile program, continued relationships by Vietcombank and the Military Bank with Tanchon could be found to be in violation of UNSC Resolution 1695. The USG is taking a strong position on this issue, and we hope that it can be resolved without hampering the tremendous advances in other areas of our bilateral relationship.

#### Counterfeit Money

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¶8. (S) In response to U/S Levey,s question about the presence of counterfeit U.S. dollars in Vietnam, Deputy Governor Tuan said that, &of course there are counterfeit dollars in Vietnam,8 but the amount is insignificant, i.e., a few series. The SBV has directed all commercial banks to report all counterfeit notes, and in return it informs the commercial banks when it becomes aware of the existence of counterfeit money. Tuan agreed with the Under Secretary,s request to inform the USG when the SBV finds counterfeit dollars. U/S Levey warned that North Korea has the capability to produce a high quality counterfeit U.S. dollar known as the &supernote.8

Eastern Asia Commercial Bank ) SBV,s Earnest Response  
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¶9. (S) The USG believes a North Korean bank is seeking a relationship with the Eastern Asia Commercial Bank in Ho Chi Minh City, U/S Levey continued. He requested that the SBV conduct an investigation similar to those carried out for Tanchon and Daedon Commercial Banks, which Tuan agreed to begin the following day. Tuan asked for additional information on this and other DPRK related matters, and promised his staff will share the findings of their investigations with the Embassy.

¶10. (U) This message was cleared by Treasury staff.

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